

# AMA NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 20 VESEY STREET, NEW YORK, N. Y.

JUNE 24, 1935

## TIMELY AMA ARTICLES GUIDES FOR BUSINESS

Papers by Sharp and Roberts  
Chart Way for Industry in  
Day of Many Changes

With the passage of the Government's Social Security program, industry finds itself facing new problems. Carefully watching developments in this field, the AMA has been analyzing each step, and in the May issue of *The Management Review* printed an article on "Changes in Costs and Reserves Required by the Introduction of Government Pension Plans," by Jonathan G. Sharp.

AMA members are urged to refer again to this article, to study it and see how the principles it brings out apply to their own companies. Mr. Sharp is consulting actuary with Woodward, Ryan, Sharp and Davis.

The July issue of *The Management Review* will contain an article by E.B. Roberts, Employment and Training, Westinghouse Electric and Manufacturing Company, on position analysis and classification. This paper was presented at the AMA Personnel and Industrial Relations Conference held at the Hotel Schenley, Pittsburgh, Pa. In the same issue of *The Review* will be a "Current Comment" on "The Abuses of Power" by James W. Hook.

Editing of the proceedings of the Job Order and Mass Production, the Office Management and Institute of Management Conferences is going ahead rapidly. These proceedings will be published in pamphlet form soon.

## CONFERENCES GET COMMENT

Favorable comment from daily newspapers, trade publications and individuals gave testimony during the past month of the value of the recent Job Order and Mass Production and the Office Management Conferences. From all sides praise was given for the lively discussions and the thoughtful manner in which the programs were arranged.

An executive on the staff of the American Steel Foundries said of the Production Conference:

"The Cleveland meeting was my first AMA conference. I was particularly pleased with the smoothness of the sessions, their uniformly purposeful tone, and the noticeable amount of work the speakers had done to assemble and present their ideas and subjects."

Another executive, on the staff of R. Hoe and Co., said of the same meeting:

"The Production Conference at Cleveland was one of the most beneficial affairs of its kind that I have ever attended. There was freedom in the interchange of ideas and experience which undoubtedly proved helpful to everyone who attended....."

A staff member of the Policyholders Service Bureau, Metropolitan Life Insurance Company, commenting on the Office Management Conference said:

"The meeting impressed me as being one of the most practical of its kind that I have ever attended. I thought the sessions on the filing and transcription departments were exceptionally good, these being subjects that are rarely discussed at such meetings."

## WHO'S GOING TO EUROPE ?

Delegate Needed for Prague  
CONGRESS, SEPT. 2-6

AMA headquarters in New York would like to hear from any member who will be in Europe this Summer and could attend the International Congress on Commercial Education at Prague, September 2-6, representing the AMA as one of the American delegates.

The delegation from the United States will be composed of prominent university and secondary school educators and business men. Any AMA member who will be in a position to attend this congress and who desires to do so, should communicate with Alvin E. Dodd, executive vice-president of the AMA at 20 Vesey Street, New York City.

## ISSUES PAMPHLET

Col. M.C. Rorty, president of the AMA, has recently issued a privately printed pamphlet entitled "Notes Regarding Monetary and General Economic Stabilization," in which he outlines the possibilities of maintaining stability.

## INSTITUTE SESSIONS ATTRACT EXECUTIVES

Nearly 200 executives attended the highly important Institute of Management meeting on May 24 at the Hotel Pennsylvania to hear the stimulating papers read by Arthur W. Kornhauser of the University of Chicago and Richard S. Uhrbrock of Procter & Gamble Company, and to partake in the lively discussions that followed.

Professor Kornhauser's paper, which was prepared in collaboration with Paul Lazarsfeld of the Psychological Institute, University of Vienna, was entitled "The Techniques of Market Research from the Standpoint of a Psychologist." Mr. Uhrbrock, who is head of the industrial relations division of Procter & Gamble, read a paper called "A Psychologist Looks at Wage Incentive Methods."

The dinner meeting of the Institute which followed the all-day session was attended by about 150 persons. High points in the affair were the awarding of the Henry Laurence Gantt Medal to Arthur H. Young, and an address by Sumner H. Slichter, Professor of Business Economics at Harvard University, on "Current Labor Trends."

## THE AMA MEANS EDUCATION

No wise man hides his light under a bushel—but a good many are under a bushel without a light. They are working in darkness—that curious darkness that only self-complacency can breed. They are falling into the error made by many executives and many companies which are now economically extinct. They are comparing themselves with themselves. They are comparing their present performance with their past performance, ignoring the progress of the other fellow.

The most valuable feature of the American Management Association is that it permits executives to compare methods. It gathers the best minds, puts problems before them—obtains practical results.

When you have ceased to care how the other fellow does it, you have bade farewell to progress. The AMA is dedicated to education—to keeping industry young by promoting educational relations among executives.

Members of the AMA should spread this thought throughout industry. Identify AMA as America's "great trading post" of management ideas.

The "devil-take-the-hindmost" principle has always been inherent in business, but recent changes in governmental regulation put more stress on it now than ever before. One of the very best ways of keeping up with the leaders is through active participation in the AMA.

# AMA NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 20 VESEY STREET, NEW YORK, N. Y.

JUNE 24, 1935

## TIMELY AMA ARTICLES GUIDES FOR BUSINESS

Papers by Sharp and Roberts  
Chart Way for Industry in  
Day of Many Changes

With the passage of the Government's Social Security program, industry finds itself facing new problems. Carefully watching developments in this field, the AMA has been analyzing each step, and in the May issue of *The Management Review* printed an article on "Changes in Costs and Reserves Required by the Introduction of Government Pension Plans," by Jonathan G. Sharp.

AMA members are urged to refer again to this article, to study it and see how the principles it brings out apply to their own companies. Mr. Sharp is consulting actuary with Woodward, Ryan, Sharp and Davis.

The July issue of *The Management Review* will contain an article by E.B. Roberts, Employment and Training, Westinghouse Electric and Manufacturing Company, on position analysis and classification. This paper was presented at the AMA Personnel and Industrial Relations Conference held at the Hotel Schenley, Pittsburgh, Pa. In the same issue of *The Review* will be a "Current Comment" on "The Abuses of Power" by James W. Hook.

Editing of the proceedings of the Job Order and Mass Production, the Office Management and Institute of Management Conferences is going ahead rapidly. These proceedings will be published in pamphlet form soon.

## CONFERENCES GET COMMENT

Favorable comment from daily newspapers, trade publications and individuals gave testimony during the past month of the value of the recent Job Order and Mass Production and the Office Management Conferences. From all sides praise was given for the lively discussions and the thoughtful manner in which the programs were arranged.

An executive on the staff of the American Steel Foundries said of the Production Conference:

"The Cleveland meeting was my first AMA conference. I was particularly pleased with the smoothness of the sessions, their uniformly purposeful tone, and the noticeable amount of work the speakers had done to assemble and present their ideas and subjects."

Another executive, on the staff of R. Hoe and Co., said of the same meeting:

"The Production Conference at Cleveland was one of the most beneficial affairs of its kind that I have ever attended. There was freedom in the interchange of ideas and experience which undoubtedly proved helpful to everyone who attended....."

A staff member of the Policyholders Service Bureau, Metropolitan Life Insurance Company, commenting on the Office Management Conference said:

"The meeting impressed me as being one of the most practical of its kind that I have ever attended. I thought the sessions on the filing and transcription departments were exceptionally good, these being subjects that are rarely discussed at such meetings."

## WHO'S GOING TO EUROPE ?

Delegate Needed for Prague  
CONGRESS, SEPT. 2-6

AMA headquarters in New York would like to hear from any member who will be in Europe this Summer and could attend the International Congress on Commercial Education at Prague, September 2-6, representing the AMA as one of the American delegates.

The delegation from the United States will be composed of prominent university and secondary school educators and business men. Any AMA member who will be in a position to attend this congress and who desires to do so, should communicate with Alvin E. Dodd, executive vice-president of the AMA at 20 Vesey Street, New York City.

## ISSUES PAMPHLET

Col. M.C. Rorty, president of the AMA, has recently issued a privately printed pamphlet entitled "Notes Regarding Monetary and General Economic Stabilization," in which he outlines the possibilities of maintaining stability.

## INSTITUTE SESSIONS ATTRACT EXECUTIVES

Nearly 200 executives attended the highly important Institute of Management meeting on May 24 at the Hotel Pennsylvania to hear the stimulating papers read by Arthur W. Kornhauser of the University of Chicago and Richard S. Uhrbrock of Procter & Gamble Company, and to partake in the lively discussions that followed.

Professor Kornhauser's paper, which was prepared in collaboration with Paul Lazarsfeld of the Psychological Institute, University of Vienna, was entitled "The Techniques of Market Research from the Standpoint of a Psychologist." Mr. Uhrbrock, who is head of the industrial relations division of Procter & Gamble, read a paper called "A Psychologist Looks at Wage Incentive Methods."

The dinner meeting of the Institute which followed the all-day session was attended by about 150 persons. High points in the affair were the awarding of the Henry Laurence Gantt Medal to Arthur H. Young, and an address by Sumner H. Slichter, Professor of Business Economics at Harvard University, on "Current Labor Trends."

## THE AMA MEANS EDUCATION

No wise man hides his light under a bushel—but a good many are under a bushel without a light. They are working in darkness—that curious darkness that only self-complacency can breed. They are falling into the error made by many executives and many companies which are now economically extinct. They are comparing themselves with themselves. They are comparing their present performance with their past performance, ignoring the progress of the other fellow.

The most valuable feature of the American Management Association is that it permits executives to compare methods. It gathers the best minds, puts problems before them—obtains practical results.

When you have ceased to care how the other fellow does it, you have bade farewell to progress. The AMA is dedicated to education—to keeping industry young by promoting educational relations among executives.

Members of the AMA should spread this thought throughout industry. Identify AMA as America's "great trading post" of management ideas.

The "devil-take-the-hindmost" principle has always been inherent in business, but recent changes in governmental regulation put more stress on it now than ever before. One of the very best ways of keeping up with the leaders is through active participation in the AMA.

330973  
AN 3b  
**A M A**

# NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 20 VESEY STREET, NEW YORK, N. Y.

JUNE 27, 1935

## THE A.M.A.

**A non-profit organization  
of professional executives  
whose job it is to get the day's  
work done - Practical solu-  
tions of practical problems.**

## AMA SCRUTINIZES TAX COMPLIANCE EXPENSES

1500 questionnaires sent to  
firms querying them on  
individual costs

Strong fragmentary evidence indicating that the cost of complying with complicated tax statutes is far out of proportion to the amount of taxes paid has prompted the American Management Association's Tax Committee, of which J.W. Oliver is chairman, to launch a survey to determine as accurately as possible the size of the compliance incubus.

During the past month more than 1,500 questionnaires have gone out to companies throughout the country querying them on their individual tax compliance costs. The questionnaires are being sent to AMA members and to lists of concerns furnished by the National Association of Manufacturers and the Merchants Association. Replies are being compiled by Professor Robert Murray Haig of the Department of Political Economy, Columbia University. The questionnaires do not ask the names of the companies replying, and the answers are mailed directly to Professor Haig to be seen only by him and his assistants. The entire survey is being conducted on a confidential basis, with the accent on accuracy and impartiality.

Both the NAM and the Merchants Association have sent follow-up letters to all members who have received questionnaires urging them to cooperate in filing them promptly. The questionnaires have been sent to manufacturers, retailers and bankers, and will be tallied according to classification.

Professor Haig reports that replies are coming in at a satisfactory rate, but urged companies to answer as soon as possible to expedite the compiling of the returns.

The disclosures of the survey, leading tax experts believe, may have a profound effect on the present tax structure, possibly leading the way to reorganization and simplification of taxing systems, federal, state and local.

## THE PRESIDENT'S MESSAGE

In his annual report to the Board of Directors, which was submitted at the initial meeting of the new board on June 11, Colonel Rorty said in part:

"Like all other organizations of its kind, the American Management Association has passed through a difficult year of adjustments to the conditions of the depression. The very necessary economies which had been enforced prior to 1934 had resulted in a decrease in the activities of the organization to a point where there appeared to be some danger that the basic value of the Association's services was being imperiled. The indications were, however, that the decline in membership revenues which had taken place from 1929 to 1934, might be checked during the year 1934-1935 and some slight increase shown.

"On a revised budget, an expanded program of membership activities and meetings was undertaken and was continued through until the early spring of 1935, when a review of the financial position showed the necessity for retrenchment. The new budget for the fiscal year 1935-1936 is therefore on a reduced scale and contemplates annual receipts from memberships at the current rate, which is practically identical with the previous year's actual collections.

"From the standpoint of meetings, papers presented, attendance and interest, the Association attained a new high point during the past year. The number of meetings was as great as in any previous year of the Association's history and the total attendance was substantially greater. A further distinct advance, it is believed, has been registered in the quality of the Association's publications, *The Management Review*, *Personnel* and the monthly *News Letter*. As to these, there has been very encouraging success in obtaining gratuitous and valuable contributions from especially competent and well-known outside writers.

"The specific problem of the Association for the fiscal year 1935-1936 is to secure an increase in revenues which will make possible certain desirable expansions of the Association's activities. With the current reduced budget and even with the increased cooperation on program work which has been promised by the various division heads, it will be a matter of extreme difficulty and overburden upon the present staff to maintain the previous year's scale of activities.

"It is wholly desirable that the growing interest in the Association's work should be capitalized by a conservative expansion of activities in those directions which will contribute most solidly and permanently to the Association's standing. To do this will necessitate added revenues for the year in the amount of approximately \$10,000. A considerable fraction of this sum should come from added classes of memberships which a special committee is now studying, but it will be necessary to raise a substantial further amount through added or increased contributions from the larger business organizations which are supporting the Association's activities."

## UNIVERSITY OF WASHINGTON

### PROGRAM IN PREPARATION

A complete program of the meetings of the various divisions of the American Management Association for next Fall and Winter is now in preparation and will be announced soon, according to the committee making arrangements.



This digest covers the views of various authorities. It does not include any strictly confidential information nor specific data from the sources.

# BUSINESS CONDITIONS

8 No. 6

June, 1935

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKHIRE, INC.	THOMAS GIBSON
GENERAL OUTLOOK	The prospect is that the national income in 1935 will be only slightly larger than in 1934 (June 1).	According to the National Association of Purchasing Agents, the greatest volume of buying in six years will be under way before the end of 1935 (June 3).	It is believed that the readjustment necessitated by the NRA decision will not be severe nor take long to complete (June 8).	It would be a staggering blow to the new deal philosophy if during a period when experimental reform was at a minimum the country experienced a major trade recovery (June 7).
MONEY AND CREDIT	If an inflationary influence upon prices is sought, it must be looked for not in the act of devaluation but in the continuation and the size of the budgetary deficits (June 1).	Treasury receipts for eleven fiscal months are running \$600,000,000 ahead of the same period a year ago (June 10).	The confidence necessary for promotion of industrial enterprise rests in an assurance of government stability and national economy (June 8).	The bonus and inflation blocs in Congress will press for passage of a bonus bill which would distribute money during the summer months and also for resumption of silver buying (May 31).
SECURITY MARKETS		The market as a whole at present does not appear to be threatened with extensive and prolonged declines (June 10).	Investors should maintain their fully invested position, largely concentrated in stocks of durable goods and commodity industries (June 8).	The technical position of the market appears very strong, with maximum activity on the upside and deadness to reactions (June 7).
PRODUCTION		A small, low-cost "flivver" plane, at an \$300-\$1,000 price range will go into production soon for private flying (June 3).		Electrical power output continues above last year's levels, as does automobile production and retail trade (June 7).
DISTRIBUTION	The total value of retail sales of radio products in the United States last year was 10.8% larger than in 1933 and 2% more than in 1932 (June 8).	Retail drug sales are 6% ahead of last year. A favorable trend is also shown by the distribution of gasoline (June 10).		Freight car loadings are getting closer and closer to the levels of a year ago (June 7).
BUILDING		Contracts for residential building are up 77% from a year ago. The largest gain, namely 196%, is reported from upstate New York (June 10).	During April, building permits in 792 cities valued 68% higher than a year ago, with new residential recording a gain of 123% (June 5).	New contracts for residential construction in May were nearly double those of the same weeks last year (May 31).
AGRICULTURE	Cash income from farm products in April was 20.2% larger than last year, the quantity sold being 11.1% less but offset by a 35.2% rise in prices (June 8).	Rains have materially brightened the crop picture of the middle west (June 10).		
COMMODITY PRICES	On the basis of 1926 as 100, commodity prices rose to 80.1 in April, a new peak in the upward movement which began in March 1933 (June 8).	Food prices have risen 15.1% from a year ago, 7.4% since the first of this year (June 10).	Commodity prices tend to rise in upward economic cycles, a rise of 10% in the commodity price easily increasing earnings more than 10% (June 1).	
FOREIGN TRADE AND CONDITIONS	For the first four months of this year merchandise exports were \$688,000,000 as against \$705,000,000 last year (June 8).		Devaluation of the franc is widely considered a necessary step to ultimate stabilization of world currencies (June 1).	The Swiss turn down their proposed new deal; Germans fear inflation; France nears devaluation, which will adversely affect Dutch, Swiss, German and Italian bonds, etc. (June 7).
LABOR AND WAGES	Stability of factory payrolls in April was favorable as the usual trend is downward; they were 5.1% higher than a year ago (June 8).	Strikes during May showed a total of 165 as compared with 154 in April and 243 in May a year ago (June 10).	Income paid out to the American people in 1934 was \$55,107,000,000, a gain of \$8,347,000,000 over 1933 (May 26).	Restoration of a \$6 per day minimum at the Ford plant indicates that this important competitor will not upset profit margins by price reductions (May 31).

# IONS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION  
Reproduction Not Permitted

ne, 1935

Copyright, 1935 by the AMERICAN MANAGEMENT ASSOCIATION

	SILBERLING RESEARCH CORPORATION	CLEVELAND TRUST COMPANY	GUARANTY TRUST COMPANY	NATIONAL CITY BANK
GENERAL OUTLOOK	The attempt to regain prosperity by price and wage boosting through industry codes will not be revived even with revisions in the country's basic legal rules (June 1).	The natural forces of recovery are operating vigorously in the rest of the world and are bound to have some effect here unless we erect too many new barriers (June 15).	Business sentiment continues to show signs of improvement in the face of the decrease in the current volume of output (May 27).	Index of industrial production for the first four months of this year, more widely distributed gains, improvement in home building are encouraging features (June).
MONEY AND CREDIT	Manipulation of money and credit will henceforth carry much of the load in the work of steering the price level (June 1).	The restoration of a flow of new capital into corporate financing is essential for recovery and depends on the degree of confidence that business men have (June 15).	The Federal Reserve System is turning into a government credit reservoir; it now holds \$2,430,000,000 government obligations against \$36,000,000 commercial and industrial paper (May 27).	Secretary Morgenthau's speech, President Roosevelt's strong veto on the bonus bill and the Senate's subsequent action diminish fears of printing press inflation (June).
SECURITY MARKETS	The retirement of corporate obligations in the first quarter of 1935 was about seven times as large as in the same period of 1934 (June 1).	Common stocks are now distinctly cheaper in terms of their yields than they were a year ago (June 15).	The total amount of securities offered in April was \$503,148,393, the highest figure reported since April, 1931 (May 27).	The rise in industrial stock prices in the middle of May carried them to the highest level, in the Dow-Jones averages, since September, 1931 (June).
PRODUCTION	The most successful major manufacturing industries, such as motors and chemicals, did not raise prices of their products and hence maintained a good volume (June 1).	Volume of industrial production has been declining since the beginning of this year and apparently will show another decrease for June (June 15).	Activity in the steel industry has declined consistently since the end of January (May 27).	On the average, the volume of production for the first four months of 1935 was 7% above a year ago (June).
DISTRIBUTION	The volume of business as disclosed by the freight loadings report for the previous week continued fairly satisfactory, indicating strength to withstand shocks (June 8).	Railroad freight dropped in 1932 to about 50% of its pre-depression volume, recovered to 60% in the summer of 1933 and in April, 1935 was at 58 (June 15).	Actual dollar volume of sales in April was larger than a year ago by 12%; sales of 25 chain store companies were 17% larger last month than a year ago (May 27).	Department store sales in New York City for the first half of May were 2% under last year, but over the country gains have been more common (June).
BUILDING	Since it is improbable that cities will continue to expand at their former rate, urban building may be replaced by more rural and small town building (June 8).	Residential building, 120 in the 1929 spring, fell to 9 in the 1933 spring, recovered to 14 for a year and this April was at 21; May's record is even more promising (June 15).	Construction contracts in April exceeded other monthly totals since last October (May 27).	For 37 eastern states, residential building contracts the first four months of 1935 total \$113,515,000 compared with \$58,920,000 in 1933 (June).
AGRICULTURE	Some apprehension has been felt as to the farm situation in view of the Supreme Court ruling against the Fraser-Lenke mortgage act (June 1).		Index of farm prices, based on the five-year pre-war average as 100, stood at 111 on April 15, an advance of 3% for the month and 35% for the year (May 27).	Crop prospects continue mixed, but the greatest gain in purchasing power is still to be found among the farming population (June).
COMMODITY PRICES	The principal commodity weakness over the near future will probably occur in textile and farm products and in the clothing field (June 8).		The wholesale price index stands at 54.2 for May, 1935; 53.1 for April, 1935; and 53.5 for May, 1934 (May 27).	
FOREIGN TRADE AND CONDITIONS	The physical volume of the farmer's exports has recently collapsed and averages now at about the level of the early 1880's (June 8).		The Bank of International Settlements, on May 13, issued a study denouncing monetary tinkering, urging stabilization, favoring a return to the gold standard (May 27).	
LABOR AND WAGES	Average rates of pay are now 175% above where they stood in 1900 and 100% above the 1913 level (June 8).	There has been a tendency for employment conditions to grow worse because increasing numbers of people coming of age tend to make unemployment increase, even if employment remains constant (June 15).	April factory employment and bank debits to individual accounts outside New York City were almost equal to those in March, showing no sign of April seasonal recession (May 27).	Despite the Code decision, responsible assurances from corporations and trade associations show there will be no epidemic of wage cutting (June).

This digest covers the views of various authorities. It does not include any strictly confidential information nor specific names from the sources.

# BUSINESS CONDITIONS

8 No. 6

June, 1935

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKHIRE, INC.	THOMAS GIBSON
GENERAL OUTLOOK	The prospect is that the national income in 1935 will be only slightly larger than in 1934 (June 1).	According to the National Association of Purchasing Agents, the greatest volume of buying in six years will be under way before the end of 1935 (June 3).	It is believed that the readjustment necessitated by the NRA decision will not be severe nor take long to complete (June 8).	It would be a staggering blow to the new deal philosophy if during a period when experimental reform was at a minimum the country experienced a major trade recovery (June 7).
MONEY AND CREDIT	If an inflationary influence upon prices is sought, it must be looked for not in the act of devaluation but in the continuation and the size of the budgetary deficits (June 1).	Treasury receipts for eleven fiscal months are running \$600,000,000 ahead of the same period a year ago (June 10).	The confidence necessary for promotion of industrial enterprise rests in an assurance of government stability and national economy (June 8).	The bonus and inflation blocs in Congress will press for passage of a bonus bill which would distribute money during the summer months and also for resumption of silver buying (May 31).
SECURITY MARKETS		The market as a whole at present does not appear to be threatened with extensive and prolonged declines (June 10).	Investors should maintain their fully invested position, largely concentrated in stocks of durable goods and commodity industries (June 8).	The technical position of the market appears very strong, with maximum activity on the upside and deadness to reactions (June 7).
PRODUCTION		A small, low-cost "flivver" plane, at an \$800-\$1,000 price range will go into production soon for private flying (June 3).		Electrical power output continues above last year's levels, as does automobile production and retail trade (June 7).
DISTRIBUTION	The total value of retail sales of radio products in the United States last year was 10.8% larger than in 1933 and 21% more than in 1932 (June 8).	Retail drug sales are 6% ahead of last year. A favorable trend is also shown by the distribution of gasoline (June 10).		Freight car loadings are getting closer and closer to the levels of a year ago (June 7).
BUILDING		Contracts for residential building are up 7% from a year ago. The largest gain, namely 198%, is reported from upstate New York (June 10).	During April, building permits in 792 cities valued 65% higher than a year ago, with new residential recording a gain of 123% (June 5).	New contracts for residential construction in May were nearly double those of the same weeks last year (May 31).
AGRICULTURE	Cash income from farm products in April was 20.2% larger than last year, the quantity sold being 11.1% less but offset by a 35.2% rise in prices (June 8).	Rains have materially brightened the crop picture of the middle west (June 10).		
COMMODITY PRICES	On the basis of 1926 as 100, commodity prices rose to 80.1 in April, a new peak in the upward movement which began in March 1933 (June 8).	Food prices have risen 15.1% from a year ago, 7.4% since the first of this year (June 10).	Commodity prices tend to rise in upward economic cycles, a rise of 10% in the commodity price easily increasing earnings more than 10% (June 1).	
FOREIGN TRADE AND CONDITIONS	For the first four months of this year merchandise exports were \$688,000,000 as against \$705,000,000 last year (June 8).		Devaluation of the franc is widely considered a necessary step to ultimate stabilization of world currencies (June 1).	The Swiss turn down their proposed new deal; Germans fear inflation; France nears devaluation, which will adversely affect Dutch, Swiss, German and Italian bonds, etc. (June 7).
LABOR AND WAGES	Stability of factory payrolls in April was favorable as the usual trend is downward; they were 5.1% higher than a year ago (June 8).	Strikes during May showed a total of 165 as compared with 154 in April and 243 in May a year ago (June 10).	Income paid out to the American people in 1934 was \$55,107,000,000, a gain of \$8,347,000,000 over 1933 (May 29).	Restoration of a \$6 per day minimum at the Ford plant indicates that this important competitor will not upset profit margins by price reductions (May 31).



# ONS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION  
Reproduction Not Permitted

June, 1935

Copyright, 1935 by the AMERICAN MANAGEMENT ASSOCIATION

	SILBERLING RESEARCH CORPORATION	CLEVELAND TRUST COMPANY	GUARANTY TRUST COMPANY	NATIONAL CITY BANK
<b>GENERAL OUTLOOK</b>	The attempt to regain prosperity by price and wage boosting through industry codes will not be revived even with revisions in the country's basic legal rules (June 1).	The natural forces of recovery are operating vigorously in the rest of the world and are bound to have some effect here unless we erect too many new barriers (June 15).	Business sentiment continues to show signs of improvement in the face of the decrease in the current volume of output (May 27).	Index of industrial production for the first four months of this year, more widely distributed gains, improvement in home building are encouraging features (June).
<b>MONEY AND CREDIT</b>	Manipulation of money and credit will henceforth carry much of the load in the work of steering the price level (June 1).	The restoration of a flow of new capital into corporate financing is essential for recovery and depends on the degree of confidence that business men have (June 15).	The Federal Reserve System is turning into a government credit reservoir; it now holds \$2,430,000,000 government obligations against \$35,000,000 commercial and industrial paper (May 27).	Secretary Morgenthau's speech, President Roosevelt's strong veto on the bonus bill and the Senate's subsequent action diminish fears of printing press inflation (June).
<b>SECURITY MARKETS</b>	The retirement of corporate obligations in the first quarter of 1935 was about seven times as large as in the same period of 1934 (June 1).	Common stocks are now distinctly cheaper in terms of their yields than they were a year ago (June 15).	The total amount of securities offered in April was \$503,148,393, the highest figure reported since April, 1931 (May 27).	The rise in industrial stock prices in the middle of May carried them to the highest level, in the Dow-Jones averages, since September, 1931 (June).
<b>PRODUCTION</b>	The most successful major manufacturing industries, such as motors and chemicals, did not raise prices of their products and hence maintained a good volume (June 1).	Volume of industrial production has been declining since the beginning of this year and apparently will show another decrease for June (June 15).	Activity in the steel industry has declined consistently since the end of January (May 27).	On the average, the volume of production for the first four months of 1935 was 7% above a year ago (June).
<b>DISTRIBUTION</b>	The volume of business as disclosed by the freight loadings report for the previous week continued fairly satisfactory, indicating strength to withstand shocks (June 8).	Railroad freight dropped in 1932 to about 50% of its pre-depression volume, recovered to 60% in the summer of 1933 and in April, 1935 was at 58 (June 15).	Actual dollar volume of sales in April was larger than a year ago by 12%; sales of 25 chain store companies were 17% larger last month than a year ago (May 27).	Department store sales in New York City for the first half of May were 2% under last year, but over the country gains have been more common (June).
<b>BUILDING</b>	Since it is improbable that cities will continue to expand at their former rate, urban building may be replaced by more rural and small town building (June 8).	Residential building, 120 in the 1929 spring, fell to 9 in the 1933 spring, recovered to 14 for a year and this April was at 21; May's record is even more promising (June 15).	Construction contracts in April exceeded other monthly totals since last October (May 27).	For 37 eastern states, residential building contracts the first four months of 1935 total \$113,515,000 compared with \$58,920,000 in 1933 (June).
<b>AGRICULTURE</b>	Some apprehension has been felt as to the farm situation in view of the Supreme Court ruling against the Fraser-Lemke mortgage act (June 1).		Index of farm prices, based on the five-year pre-war average as 100, stood at 111 on April 15, an advance of 3% for the month and 35% for the year (May 27).	Crop prospects continue mixed, but the greatest gain in purchasing power is still to be found among the farming population (June).
<b>COMMODITY PRICES</b>	The principal commodity weakness over the near future will probably occur in textile and farm products and in the clothing field (June 8).		The wholesale price index stands at 54.2 for May, 1935; 53.1 for April, 1935; and 53.6 for May, 1934 (May 27).	
<b>FOREIGN TRADE AND CONDITIONS</b>	The physical volume of the farmer's exports has recently collapsed and averages now at about the level of the early 1880's (June 8).		The Bank of International Settlements, on May 13, issued a study denouncing monetary tinkering, urging stabilization, favoring a return to the gold standard (May 27).	
<b>LABOR AND WAGES</b>	Average rates of pay are now 175% above where they stood in 1900 and 100% above the 1913 level (June 8).	There has been a tendency for employment conditions to grow worse because increasing numbers of people coming of age tend to make unemployment increase, even if employment remains constant (June 15).	April factory employment and bank debits to individual accounts outside New York City were almost equal to those in March, showing no sign of April seasonal recession (May 27).	Despite the Code decision, responsible assurances from corporations and trade associations show there will be no epidemic of wage cutting (June).